

L A I D L A W

LAIDLAW INTERNATIONAL, INC.

Confidential

August 1, 2003

Federal Election Commission
Attn: Jeff S. Jordan, Central Enforcement Docket
999 E Street, NW
Washington, DC 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
2003 AUG -6 A 10:34

Re: **MUR 5375** – Response of American Medical Response, Inc. and
Laidlaw entities to the Complaint submitted by Gordon Bergelson

Ladies and Gentlemen:

On or about July 21, 2003, American Medical Response, Inc. received notice from the Federal Election Commission that Gordon Bergelson had filed a Complaint with the Commission. Mr. Bergelson attached to his letter to the Commission, a book review, a news article, information from a partial settlement of a shareholder class action lawsuit involving Laidlaw Inc., and some information from Laidlaw's bankruptcy proceedings with markings by Mr. Bergelson. At the same time, Laidlaw Inc. received a notice from the Commission. Laidlaw Inc., and its successor corporation, Laidlaw International, Inc.,¹ join in this response. All the entities believe that nothing in the materials submitted by Mr. Bergelson suffices to support a reason to believe finding by the Commission pursuant to 11 C.F.R. § 111.9(a).

Laidlaw Inc.'s bankruptcy filing on June 28, 2001 in the U.S. Bankruptcy Court for the Western District of New York limits any Commission investigation against it. Any claims

¹ As a result of the bankruptcy proceedings involving Laidlaw Inc., Laidlaw Inc. has ceased to be the parent holding company of AMR, effective June 23, 2003. The new parent is Laidlaw International, Inc. This letter uses the term "Laidlaw" to refer to both Laidlaw Inc. during the period it was the parent company as well as the current parent Laidlaw International, Inc.

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against Laidlaw Inc. for actions prior to that date are “pre-petition claims” under the Bankruptcy Code and must be pursued in accordance with the provisions of that Code. *See generally* 11 U.S.C. §§ 101-1330. Mr. Bergelson’s materials appear to relate to the time period prior to June 28, 2001. Mr. Bergelson’s claim has thus been discharged by reason of Laidlaw Inc.’s exit from bankruptcy. *See generally* 11 U.S.C. § 1141.

Some of the materials provided by Mr. Bergelson address Laidlaw’s former ownership of waste management businesses. For example, he includes a book review of *Giants of Garbage* by Harold Crooks, a book which was published in 1993. Even if that book contained passages germane to Laidlaw and election laws, which it does not, any information in that book concerns activities well outside the statute of limitations, and, therefore, cannot support reason to believe that a violation exists over which the Commission has jurisdiction. By attaching excerpts of a settlement notice, Mr. Bergelson seeks to mislead the Commission into believing that the suit covered by the settlement had something to do with matters the subject of the Commission’s jurisdiction. It did not. The class plaintiffs in that case did not even allege any election law violations as part of their claims. A complete copy of the settlement notice is enclosed with this letter as Exhibit A. In sum, Mr. Bergelson has tendered incomplete materials in an effort to mischaracterize the import of those materials. In addition, more than five years ago Laidlaw ceased to have direct involvement in the solid waste business or the hazardous waste business, so there is little likelihood that any of Mr. Bergelson’s allegations concerning the waste industry could result in viable claims against Laidlaw.

Mr. Bergelson’s materials fail to provide any evidence of AMR or Laidlaw activities involving any federal candidate or campaign. Absent some allegations relating to federal elections, Mr. Bergelson cannot impose on the Commission.

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Allegations that an individual provides lobbying services to a company and receives funds from the company are inadequate to support a conclusion that any contributions made by a lobbyist are somehow improper. Martha Gibbons worked as a lobbyist for Laidlaw's solid waste subsidiaries at various times. Neither Laidlaw nor AMR have any recollection of "Nicolas Sands."

The materials Mr. Bergelson has attached to his letter reflecting the fact that bonuses and other income have been paid by Laidlaw Inc. to its officers are also irrelevant to any matters under the Commission's jurisdiction. Absent specific identification of a wrongful contribution by the officer, the Commission should not be drawn into an individual's fishing expedition into corporate remuneration. That principle is especially relevant here, where the Laidlaw remuneration identified by Mr. Bergelson is set forth in the Disclosure Statement for a Plan of Reorganization, which must be approved by the Bankruptcy Court prior to solicitation of vote for the Plan. 11 U.S.C. § 1125.²

A Complaint enclosing a news article and unrelated documents is insufficient to commence any investigation under the FECA. As noted in *Federal Election Comm'n v. GOPAC, Inc.*, 917 F. Supp. 851, 864 (D.D.C. 1996), "a [news] article is not 'sufficiently probative' nor is it 'material' 'evidence on which [a trier of fact] could reasonably find'" a violation of FECA. The "reason to believe" standard cannot be met by reliance upon information (a news article) that cannot constitute material evidence. See *Democratic Senatorial*

² Mr. Bergelson included only a table that appears on a portion of page 63 of the 125 page Disclosure Statement. Notably, he failed to enclose the entire discussion of the information contained in that table, which appeared on pages 62-74. A copy of that discussion is included as Exhibit B. As indicated in that material, payment of salary and benefits to officers of Laidlaw required Bankruptcy Court approval from the date Laidlaw entered bankruptcy in June 2001 through its emergence in June 2003.

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Campaign Comm. v. Federal Elec. Comm'n, 745 F. Supp. 742, 745-46 (D.D.C. 1990) (approving Commission applied threshold that “required at least ‘some legally significant facts’”). As the *Democratic Senatorial Campaign* court recognized, some kind of evidentiary threshold is reasonable at the Complaint stage or every assertion of violation would automatically result in an investigation. *Id.* Something more is required than the assertions of this Complaint, and Mr. Bergelson has not provided anything else.

In sum, the Bergelson letter and materials offer no reason to believe that a violation of federal election law has occurred. The staff should recommend to the Commission that it dismiss the Complaint.

Thank you for your consideration of this response.

Sincerely,



Ivan R. Cairns
Senior Vice President
and General Counsel
Laidlaw International, Inc.
and Vice President
American Medical Response, Inc.

Enclosures
WDC/249735v2

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UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH CAROLINA
COLUMBIA DIVISION

IN RE LAIDLAW
STOCKHOLDERS LITIGATION

C.A. 3:00-CV-855-17

NOTICE OF PENDENCY OF CLASS ACTION AND OF PARTIAL SETTLEMENT

TO: ALL PERSONS AND ENTITIES WHO PURCHASED THE COMMON STOCK OF LAIDLAW INC. ("LAIDLAW") DURING THE PERIOD FROM OCTOBER 15, 1997 THROUGH JANUARY 21, 2001 AND WHO SUFFERED DAMAGES THEREBY.

You are hereby notified, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the District of South Carolina dated February 21, 2003, of the pendency of this litigation and of a proposed partial Settlement with two Defendants, PricewaterhouseCoopers LLP, a limited liability partnership established under the laws of the Province of Ontario, Canada ("PwC Canada"), and PricewaterhouseCoopers LLP, a limited liability partnership established under the laws of the State of Delaware ("PwC US"), for \$14,000,000 (Fourteen Million (U.S.) Dollars), how it may affect your rights, and your options with respect to this lawsuit.

You are further notified that a hearing will be held by the United States District Court for the District of South Carolina (the "Court") to consider the fairness, reasonableness and adequacy of the proposed Settlement, and the application of Plaintiffs' Lead Counsel for attorneys' fees and reimbursement of expenses. The proposed Settlement, the terms of which are only summarized in this Notice, is embodied in a Stipulation of Settlement dated February 14, 2003 (the "Stipulation"), which has been filed with the Court. Pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the Court dated February 21, 2003, a hearing (the "Settlement Hearing") to consider whether: (1) the proposed Settlement is fair, reasonable, adequate, and in the best interests of the Settlement Class and should be approved; (2) the Action should be dismissed with prejudice as against PwC Canada and PwC US; (3) the Plan of Allocation (hereinafter described) should be approved; and (4) the application of Plaintiffs' Lead Counsel for attorneys' fees and reimbursement of expenses and the payment of compensatory awards to the Class Representatives should be approved, will be held before the Honorable Joseph F. Anderson, Jr., United States District Judge, United States Courthouse, for the District of South Carolina, 1845 Assembly Street, Columbia, SC 29201 at 2:00 p.m., on Tuesday, June 10, 2003. The Settlement Hearing may be adjourned from time to time by the Court at the Settlement Hearing or any adjourned session thereof without further notice. Defendants, other than PwC Canada and PwC US have not settled, and the action against those defendants is proceeding towards trial.

A. SUMMARY OF PARTIAL SETTLEMENT

The proposed Settlement creates a fund in the amount of \$14,000,000 (Fourteen Million (U.S.) Dollars) in cash (the "Settlement Amount"), plus the interest accruing thereon. Based on Plaintiffs' Lead Counsel's (defined below) estimate of the number of shares entitled to participate in the Settlement and the anticipated number of claims to be submitted by Class Members, the average distribution per share would be approximately \$0.03 before deduction of Court-approved fees and expenses. However, your actual recovery from this fund may be greater or less depending on a number of variables including your actual loss based on the price per share paid for your Settlement Class Period purchases of Laidlaw common stock, the number of claimants, the amount of fees and costs awarded by the Court to Plaintiffs' Counsel, the expense of administering the claims process, and the timing of your purchases.

B. DESCRIPTION OF THE LITIGATION

1. This litigation (the "Action") is pending in the United States District Court for the District of South Carolina (the "Court"). The Action was brought pursuant to Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), as well as Rule 10b-5 promulgated thereunder, against individuals who are or were officers and directors of Laidlaw -- James R. Bullock, John R. Grainger and Leslie W. Haworth -- and against PwC Canada, Laidlaw's auditor, and against PwC US, the former auditor of a subsidiary of Laidlaw named Safety-Kleen Corp. ("Safety-Kleen") (collectively, "Defendants"). Both Laidlaw and Safety-Kleen have filed for bankruptcy and are not parties to this Action.

2. Commencing on or about March 17, 2000, three actions were filed in this Court by purchasers of Laidlaw common stock. By Orders dated September 20, 2000 and January 8, 2001, the Court ordered consolidation of those three actions and the filing of all subsequent pleadings under the consolidated caption under which this notice is being given. At the same time, the Court appointed the Sunstein Group, which includes, among others, David I. L. Sunstein, Allan Borghesi, Borghesi Building and Engineering Co., Inc., Misty Management, Inc., and Barry Schwartz, to act as Lead Plaintiffs on behalf of themselves and a putative class as defined in the pleadings. The Court also appointed Wechsler Harwood Halebian & Feffer LLP, now known as Wechsler Harwood LLP, as Lead Counsel for the Lead Plaintiffs and the class, and Ness Motley Loadholt Richardson & Poole P.A., which has since been substituted for by Richardson, Patrick, Westbrook & Brickman LLC, as Liaison Counsel for Lead Plaintiffs and the class. Plaintiffs filed a Second Amended Consolidated Complaint on May 21, 2001 (the "Complaint"). The Court denied a motion by PwC Canada to dismiss that Complaint, but granted a motion to dismiss by PwC US. Plaintiffs filed a motion for reconsideration of the Order dismissing PwC US as a defendant, but have withdrawn that motion without prejudice in view of the currently proposed Settlement described herein. The Action is now in discovery, and is expected to be ready for trial against the non-settling Defendants in January 2004.

3. Plaintiffs filed a motion with the Court asking it to certify this as a class action on behalf of a class as defined in the Complaint. Briefing on that motion was deferred with the approval of the Court to give the parties an opportunity to explore the possibility of settlement through mediation. That mediation has resulted to date in the Settlement with PwC Canada and PwC US described in this Notice. On February 21, 2003, the Court entered an Order (the "Preliminary Approval Order"), preliminarily approving the Settlement as fair, reasonable, adequate, and in the best interests of the Settlement Class, and, for purposes of the Settlement, conditionally certified a Settlement Class represented by Lead Plaintiffs as Class Representatives defined as follows:

All persons and entities who purchased the common stock of Laidlaw Inc. during the period from October 15, 1997 through January 21, 2001, inclusive, and who suffered damages thereby. Excluded from this Settlement Class are the defendants in this Action, members of the Individual Defendants' families, any entity in which any defendant has a controlling interest or is a part or subsidiary of or is controlled by Laidlaw Inc., and the officers, directors, employees, affiliates, legal representatives, heirs, predecessors, successors and assigns of any of the defendants.

C. FACTUAL ALLEGATIONS

1. THE COURT HAS DIRECTED THAT THIS NOTICE SHOULD BE GIVEN TO ALL MEMBERS OF THE SETTLEMENT CLASS TO INFORM THEM OF THE LAWSUIT AND THEIR RIGHTS. THE SENDING OF THIS NOTICE IS NOT AN EXPRESSION BY THE COURT OR THE LITIGANTS OF ANY OPINION AS TO THE MERITS OF ANY CLAIM OR DEFENSE OR THE LIKELIHOOD OF RECOVERY BY THE PLAINTIFFS OR ANY OF THE MEMBERS OF THE SETTLEMENT CLASS. NOTICE IS BEING PROVIDED SO THAT ALL MEMBERS OF THE SETTLEMENT CLASS MAY MAKE A DECISION AS TO WHAT STEPS, IF ANY, THEY WISH TO TAKE AS THIS MATTER PROCEEDS. NOTICE IS BEING SENT TO YOU BECAUSE RECORDS INDICATE THAT YOU MAY BE A MEMBER OF THE SETTLEMENT CLASS.

2. This action alleges accounting frauds that took place at Laidlaw's subsidiaries, American Medical Response, Inc. ("AMR"), and Laidlaw Environmental Services, Inc. ("LES," n/k/a Safety-Kleen Corp.). Both Laidlaw and Safety-Kleen Corp. ("Safety-Kleen") were forced into Chapter 11 reorganization. Safety-Kleen's auditors were fired and the Chief Executive, Chief Operating, and Chief Financial Officers of Safety-Kleen are under criminal investigation. Laidlaw wrote-off more than \$2.5 billion of AMR assets towards the end of the Class Period due to a myriad of operational problems and accounting errors.

3. The Complaint alleges that in the spring of 2000, Laidlaw and Safety-Kleen began to reveal that accounting irregularities involving at least three years of financial statements would require the restatement of Safety-Kleen's financial statements and, most likely, Laidlaw's. In addition, Laidlaw began to disclose the dire straits at AMR. Through a series of announcements ending on January 21, 2002, Laidlaw reported that its AMR division, bought in February 1997, whose assets were reported as high as \$3.0 billion during the Class Period, was now worth no more than \$400 million and was for sale.

4. As set forth in the Complaint, PwC Canada was Laidlaw's auditor since the 1980s. PwC US was Safety-Kleen's auditor for the three fiscal years ended August 31, 1999. The Complaint alleges that the deficient audits at Safety-Kleen resulted in a restatement of Safety-Kleen's financial statements for approximately \$533 million for the three fiscal years ended August 31, 1999. Many of the areas that were the subject of restatements allegedly were known by PwC Canada well before PwC US took over the lion's share of the audit of Laidlaw's United States operations. These areas include revenue recognition, landfill "pooling" accounting and interest capitalization.

5. PwC Canada and PwC US have denied and continue to deny all of the substantive allegations made against them in the Complaint, deny any wrongdoing or violation of law, and deny that they have any liability whatsoever to the Plaintiffs or the members of the Settlement Class. The statements in paragraphs 2 through 4 immediately above are allegations of the Plaintiffs only, not admissions by PwC Canada or PwC US. The Court has not expressed and is not expressing any opinion about the accuracy of these statements or the likelihood that Plaintiffs would prevail if the case were to proceed to trial.

D. DEFINITIONS USED IN THIS NOTICE

As used in this Notice, the following terms have the meanings specified below:

1. "Action" means *In re Laidlaw Stockholders Litigation*, Civil Action No. 3:00-CV-855-17, pending in the United States District Court for the District of South Carolina, and includes all cases consolidated under that caption.

2. "Attorneys' Fees and Expenses" means the portion of the Settlement Amount approved by the Court for payment to Plaintiffs' Lead Counsel, including attorneys' fees, costs, litigation expenses, fees and expenses of experts.

3. "Authorized Claimant" means a member of the Settlement Class who submits a timely and valid Proof of Claim form to the Claims Administrator. Only those members of the Settlement Class filing valid and timely Proofs of Claim shall be entitled to receive any distributions from the Net Settlement Fund.

4. "Claims Administrator" means Berdon LLP, an independent firm retained by Plaintiffs' Lead Counsel to process Proofs of Claim and to process payments.

5. "Class Distribution Order" means the order entered by the Court, upon application of Plaintiffs' Lead Counsel following the occurrence of the events identified in paragraph E.2.C.10. of the Stipulation, which authorizes the Claims Administrator to distribute the Net Settlement Fund to Authorized Claimants.

6. "Class Member" means a member of the Settlement Class who has not properly submitted a timely request for exclusion from the Settlement Class, and his, her, or its respective assigns, heirs, executors, administrators, custodians, beneficiaries, and predecessors or successors in interest and each of them.

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7. "Class Representatives" means David I. L. Sunstein, Allan Borghesi, Borghesi Building and Engineering Co., Inc., Misty Management, Inc., and Barry Schwartz.

8. "Complaint" means the Second Amended Consolidated Complaint filed in this Action on May 21, 2001.

9. "Counsel for PwC Canada" means the law firm of Heller Ehrman White & McAuliffe LLP.

10. "Counsel for PwC US" means the law firm of Gibson Dunn & Crutcher LLP.

11. "Court" means the United States District Court for the District of South Carolina.

12. "Effective Date" means the date on which the Court's Final Judgment of Dismissal With Prejudice (the "Judgment") becomes final, which shall be deemed to be when either of the following has occurred: (a) if an appeal or review is not sought by any person from the Judgment, the day following the expiration of the time to appeal or petition from the Judgment; or (b) if an appeal or review is sought from the Judgment, the day after such Judgment is affirmed or the appeal or review is dismissed or denied and such Judgment is no longer subject to further appeal or judicial review.

13. "Gross Settlement Fund" means the Settlement Amount plus all interest earned thereon.

14. "Net Settlement Fund" means the Gross Settlement Fund, less: (a) Attorneys' Fees and Expenses; (b) Notice and Administration Expenses; (c) taxes; (d) compensatory awards to the Class Representatives; and (e) other fees and expenses payable therefrom as authorized by the Court.

15. "Person" means any individual, corporation, partnership, association, affiliate, joint stock company, trust, estate, unincorporated association, government and any political subdivision thereof, and any other type of legal or political entity.

16. "Plaintiffs' Counsel" means each law firm that represents a named Plaintiff in any action that was consolidated into the Action.

17. "Plaintiffs' Lead Counsel" means the law firm of Wechsler Harwood LLP.

18. "PwC Canada" means that limited liability partnership established under the laws of the Province of Ontario, Canada, under the name PricewaterhouseCoopers LLP, and each of its partners, principals, agents, employees and the affiliates of each.

19. "PwC US" means that limited liability partnership established under the laws of the State of Delaware under the name PricewaterhouseCoopers LLP, and each of its partners, principals, agents, employees and the affiliates of each.

20. "Released Parties" means PwC Canada and PwC US, and any present, former or future parents, subsidiaries, affiliates, partners, principals, employees, joint ventures, officers, directors, agents, attorneys and insurers of either of them, and all of their respective predecessors, successors, assigns, representatives, heirs, executors and administrators, including but not limited to PricewaterhouseCoopers International Limited, and any member firm thereof. James R. Bullock, John R. Grainger, and Leslie W. Haworth, are expressly excluded from the definition of Released Parties.

21. "Settled Claims" means all claims, demands, rights, duties, remedies, liabilities and causes of action of every nature and description whatsoever, known or unknown, suspected or unsuspected, whether based on federal, state, local, statutory or common law or any other law, rule or regulation of any jurisdiction, that have been or could have been asserted in the Action, whether directly, indirectly, representatively or in any other capacity, against the Released Parties.

22. "Settled PwC Claims" means all claims, demands, rights, duties, remedies, liabilities and causes of action of every nature and description whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, that have been or could have been asserted in the Action by PwC Canada or PwC US or either of them or the successors and assigns of either of them against any of the Plaintiffs, the Class Members or their attorneys, which arise out of or relate in any way to the institution, prosecution, or settlement of this Action.

23. "Settlement" means the settlement contemplated by the Stipulation.

24. "Settlement Amount" is defined in Part E.1.a below.

25. "Settlement Class" means:

All persons and entities who purchased the common stock of Laidlaw Inc. during the period from October 15, 1997 through January 21, 2001, inclusive, and who suffered damages thereby. Excluded from this Settlement Class are the defendants in this Action, members of the Individual Defendants' families, any entity in which any defendant has a controlling interest or is a part or subsidiary of or is controlled by Laidlaw Inc., and the officers, directors, employees, affiliates, legal representatives, heirs, predecessors, successors and assigns of any of the defendants.

26. "Settlement Class Period" means the period of time from October 15, 1997 through and including January 21, 2001.

27. "Settlement Hearing" means the final hearing to be held by the Court to determine whether the proposed Settlement should be approved as fair, reasonable, adequate, and in the best interests of the Settlement Class, whether all Settled Claims should be dismissed with prejudice and without costs, and whether an Order approving the Settlement should be entered thereon, whether the allocation of the Settlement Fund should be approved, and whether counsel fees and reimbursement of expenses to Plaintiffs' Counsel should be awarded.

E. THE DESCRIPTION OF THE PARTIAL SETTLEMENT

1. The Proposed Partial Settlement

a. In full settlement of the Settled Claims, PwC Canada and PwC US have agreed to pay \$14,000,000 (Fourteen Million (U.S.) Dollars). This sum has been placed in an interest-bearing escrow account.

b. A portion of the Gross Settlement Fund will be used for certain administrative expenses, including costs of printing and mailing this Notice, the cost of publishing a newspaper notice, payment of any taxes assessed against the Gross Settlement Fund or the Net Settlement Fund and costs associated with the processing of claims submitted. In addition, as explained below, a portion of the Gross Settlement Fund may be awarded by the Court to counsel for Plaintiffs as attorneys' fees and for reimbursement of out-of-pocket expenses, and compensatory awards for the Class Representatives in the aggregate amount of \$20,000. The Net Settlement Fund, comprised of the balance of the Gross Settlement Fund following the payment of administrative expenses, taxes, attorneys' fees and the reimbursement of expenses and compensatory awards, will be distributed according to the Plan of Allocation, described below, to Class Members who submit valid and timely proof of claim forms.

2. Statement of Potential Outcome

a. Plaintiffs and PwC Canada and PwC US do not agree on liability issues or the average amount of damages per share that would be recoverable if Plaintiffs were to prevail on each claim asserted. The issues on which the parties disagree include, for example only: (i) whether the Laidlaw financial statements for 1997, 1998 and 1999 audited by PwC Canada were materially false or otherwise actionable under the federal securities laws; (ii) whether the audits performed by PwC Canada of Laidlaw's financial statements for 1997, 1998, and 1999 were in conformity with generally accepted auditing standards; (iii) whether Laidlaw's financial statements for those years were presented in conformity with generally accepted accounting principles; (iv) whether PwC US had any responsibility for Laidlaw's 1997, 1998 and 1999 financial statements or the audit opinions rendered in respect of those financial statements; (v) the appropriate economic model for determining the amount by which Laidlaw common stock was allegedly artificially inflated (if at all) during the Settlement Class Period; (vi) the effect of various market forces influencing the trading price of Laidlaw common stock at various times during the Settlement Class Period; (vii) the extent to which external factors, such as general market conditions, influenced the trading price of Laidlaw common stock at various times

during the Settlement Class Period; (viii) the extent to which the various matters that Plaintiffs alleged were materially false or misleading influenced (if at all) the trading price of Laidlaw common stock at various times during the Settlement Class Period; and (ix) to the extent that any member of the Settlement Class was damaged by violations of the federal securities laws, whether any person or entity other than PwC Canada or PwC US (including but not limited to non-settling Defendants) may be partially or completely liable to the Settlement Class.

b. In determining to settle this Action, Plaintiffs considered the substantial risk that they and members of the Settlement Class might not have prevailed on any or all of their claims and that there were substantial risks that the decline in the price of Laidlaw common stock could be attributed, in whole or in part, to factors other than the allegedly false and misleading statements, and that Plaintiffs, therefore, could have recovered nothing or substantially less than the Settlement Amount, as well as the risk that this Action might be dismissed on motion for summary judgment or at trial.

c. PwC Canada or PwC US deny that they are liable to the Plaintiffs or to the Settlement Class.

3. Statement of Attorneys' Fees and Costs Sought

a. Plaintiffs' Lead Counsel have not received any payment for their services in pursuing the Action on behalf of the Lead Plaintiffs and the members of the Settlement Class, nor have they been reimbursed for their out-of-pocket expenditures. If the Settlement is approved by the Court, Plaintiffs' Lead Counsel will apply to the Court for attorneys' fees of up to 30% of the Gross Settlement Fund and reimbursement of out-of-pocket expenses, including fees and expenses of experts. Plaintiffs' Lead Counsel also will apply to the Court for compensatory awards to the Class Representatives totaling \$20,000. If the amounts requested are approved by the Court, the average cost would be \$0.01 per share. The effect of an award of Attorneys' Fees and Expenses (defined below) on each Class Member will depend on his, her or its particular recovery in the Plan of Allocation, as detailed in Section F below.

b. To date, Plaintiffs' Counsel have not received any payment for their services in conducting this Action on behalf of plaintiffs and the members of the Settlement Class, nor have Plaintiffs' Counsel been reimbursed for their out-of-pocket expenses. The fee requested by Plaintiffs' Counsel would compensate them for their efforts in achieving the Settlement for the benefit of the Settlement Class, and for their risk in undertaking this representation on a contingency basis. Plaintiffs' Lead Counsel have determined that the fee requested is within the range of fees awarded to Plaintiffs' Counsel under similar circumstances in litigation of this type.

4. Reasons for Settlement

a. Plaintiffs' Lead Counsel believe that the proposed Settlement is fair, reasonable, adequate, and in the best interests of the Settlement Class. Because of the risks associated with continuing to litigate and proceeding to trial, there was a danger that plaintiffs would not have prevailed on any of their claims, in which case the Settlement Class would receive nothing. For example, the Settlement Class faced the possibility that all or many of the claims in this case could have been dismissed upon a motion for summary judgment, after trial, or on appeal. In addition, the amount of damages recoverable by the Settlement Class was and is challenged by PwC Canada and PwC US. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, had the Action gone to trial, PwC Canada and PwC US intended to assert that all or most of the losses suffered by members of the Settlement Class were caused by the action of parties other than PwC Canada and PwC US, or by non-actionable market factors. The decision to enter into this Settlement was made with knowledge of the facts and circumstances underlying Class Representatives' claims and the strengths and weaknesses of those claims.

b. Plaintiffs' Lead Counsel engaged in extensive and intensive arm's-length negotiations with counsel for PwC Canada and PwC US with respect to the Settlement and, in determining to settle the Action, Plaintiffs' Lead Counsel have evaluated the likelihood of succeeding on the merits, damages, and issues of causation. Plaintiffs' Lead Counsel believe that the Settlement is fair, reasonable, adequate, and in the best

interests of the members of the Settlement Class. They have reached this conclusion after investigating and considering, among other things, the strengths and weaknesses of Class Representatives' claims against PwC Canada and PwC US and the uncertainties inherent in this complex litigation, as well as the substantial benefit provided by the Settlement to the members of the Settlement Class.

F. PROPOSED PLAN OF ALLOCATION

1. The Net Settlement Fund will be allocated among all Authorized Claimants proportionately according to the Recognized Loss of each compared to the aggregate losses of all Authorized Claimants. For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Plaintiffs' Lead Counsel have consulted with their damages expert, and Plaintiffs' Lead Counsel have determined that the Plan of Allocation reflects an assessment of the damages that Plaintiffs' Lead Counsel believe could have been recovered if Plaintiffs had been entirely successful in establishing liability against PwC Canada and PwC US.

2. Because Class Members were damaged by different amounts, depending on when they purchased and/or acquired their Laidlaw common stock, Plaintiffs' Lead Counsel have determined that the Allowed Claims vary depending on the date of purchase and whether the shares were held until after defendants disclosed information concerning the allegedly withheld information – January 21, 2001.

3. Pursuant to this analysis, the amount of each claim will be calculated as follows:

- a. From October 15, 1997 through July 1, 1998, the true value is \$1.74. Inflation per share is the purchase price minus the \$1.74.
- b. From July 2, 1998 through January 21, 2001, the true value is \$0.18. Inflation per share is the purchase price minus the \$0.18.
- c. Shares must be held as of the close of business March 5, 2000 to be eligible for damages. Shares sold prior to March 5, 2000 have no damages.
- d. For shares purchased beginning on October 15, 1997 through January 21, 2001 and sold on or after March 6, 2000 through January 21, 2001, selling damages are the lesser of:
 - (i) The purchase price minus the sales price; or
 - (ii) The inflation per share at the time of purchase minus the inflation per share at the time of sale.
- e. For shares purchased beginning October 15, 1997 through January 21, 2001 and retained as of the close of business on January 21, 2001, retention damages are the lesser of:
 - (i) The inflation per share at the time of purchase; or
 - (ii) The purchase price minus \$0.18.

4. General Provisions

- a. The Plan of Allocation may be modified only upon further order of the Court and may be so modified without further notice to Class Members.
- b. In processing claims, the first-in, first-out basis ("FIFO") will be applied to both purchases and sales.
- c. All profits will be subtracted from all losses to determine the net Recognized Loss of each Authorized Claimant.
- d. The date of covering a "short sale" is deemed to be the date of purchase of Laidlaw common stock. The date of a "short sale" is deemed to be the date of sale of Laidlaw common stock.

- e. The date of a purchase or sale of Laidlaw common stock is the trade date, and not the settlement date.
- f. The distribution to each Class Member may be rounded to the nearest dollar. No payment will be made on any claims where the potential distribution amount is \$5.00 or less, but the Authorized Claimant will otherwise be bound by the final judgment entered by the Court.
- g. Exercises of option contracts will be considered purchases or sales of common stock. The option premiums should be incorporated into the purchase/sale price of the shares of common stock.
- h. No person shall have any claim against Plaintiffs' Counsel, the Claims Administrator or other agent designated by Plaintiffs' Counsel, any defendant or any defendant's counsel, based on the distribution made substantially in accordance with the Stipulation and this Plan of Allocation, or further orders of the Court.
- i. The Settlement will become effective, if approved by the Court, after the Judgment entered by the Court becomes final.
- j. This Notice is not intended to be a complete description of the Stipulation. The Stipulation contains the full and complete terms of the Settlement, and is available as set forth in Section L below.
5. Class Members who do not file acceptable Proofs of Claim will not share in the Settlement proceeds. Class Members who do not either file a request for exclusion or file acceptable Proofs of Claim will nevertheless be bound by the Judgment (defined below) and the Settlement.

G. RIGHTS OF MEMBERS OF THE SETTLEMENT CLASS

1. If you fall within the definition of the Settlement Class, you will remain a Class Member unless you elect to be excluded from the Settlement Class. If you do not request to be excluded from the Settlement Class, you will be bound by any judgment entered with respect to the Settlement in the Action whether or not you file a Proof of Claim.
2. If you are a Class Member, you may, but are not required to, at your own expense, enter an appearance in this lawsuit personally, or through a lawyer of your choice. If you do not do so on or before May 15, 2003, your interests will be represented by the Class Representatives through Plaintiffs' Lead Counsel.
3. If you remain a Class Member, you will not be asked to make any out-of-pocket payment for attorneys' fees or expenses. If the Settlement is approved, then Plaintiffs' Lead Counsel will file a petition with the Court for an award of appropriate Attorneys' Fees and Expenses to be paid only out of any such recovery.
4. IF YOU DO NOT WISH TO REMAIN IN THE SETTLEMENT CLASS, YOU MUST REQUEST EXCLUSION IN THE MANNER AND BY THE DEADLINE SET FORTH BELOW.
5. If you exclude yourself from the Settlement Class: (a) You will not be entitled to share in any recovery that may be obtained as a result of the Settlement; (b) you will not be bound by any judgment, whether favorable to the Settlement Class or not, that may be entered in this Action; and (c) you may pursue individually any claims you may have against PwC Canada and PwC US with respect to the claims asserted on behalf of that class.
6. If you do not wish to remain a member of the Settlement Class, you must mail a written request for exclusion, postmarked no later than May 15, 2003, to:

Claims Administrator
Laidlaw Stockholders Litigation
c/o Berdon LLP
P.O. Box 9014
Jericho, NY 11753-8914

Any request for exclusion must indicate on the envelope "Request for Exclusion - In re Laidlaw Stockholders Litigation."

7. You must state the following information in any request for exclusion: (a) the full name and address of the beneficial owner of the person or entity requesting exclusion; (b) the number of shares of Laidlaw common stock purchased or sold by the beneficial owner during the Settlement Class Period; and (c) the date(s) on which said securities were purchased or sold. If the common stock was acquired or sold by, or on behalf of, joint beneficial owners, all such owners should sign the request and provide such information. Any request for exclusion made by a representative on behalf of a member of the Settlement Class must state the capacity in which the representative is acting.

8. Any member of the Settlement Class who has not validly and timely requested to be excluded from the Settlement Class, and who objects to any aspect of the Settlement, the Plan of Allocation, or the application for attorneys' fees, costs, and reimbursement expenses, may appear and be heard at the Settlement Hearing. To object, you must file the following documents: a written statement setting forth the basis of your objections, any supporting memoranda or other papers, documentary proof of membership in the Settlement Class, and a written statement signed by the objector setting forth: (a) the name, address, and telephone number of the objector; and (b) the number or amount, and the per-share price, of the shares of common stock of Laidlaw purchased or acquired by the objector during the Settlement Class Period, and the date of each such transaction with proof thereof. Such objection must be served by hand or first-class delivery and filed so that it is received at least fourteen (14) days prior to the Settlement Hearing (or by May 27, 2003) by each of the following:

Clerk of the Court
United States District Court
District of South Carolina
1845 Assembly Street
Columbia, South Carolina 29201-2455

WECHSLER HARWOOD LLP
Robert I. Harwood
488 Madison Avenue
8th Floor
New York, New York 10022

Plaintiffs' Lead Counsel

RICHARDSON, PATRICK,
WESTBROOK & BRICKMAN, LLC
Terry E. Richardson, Jr.
1730 Jackson Street
P.O. Box 1368
Barnwell, South Carolina 29812

Liaison Counsel for Lead Plaintiffs

HELLER EHRMAN WHITE
& McAULIFFE LLP
Lawrence J. Zweifach
Richard Cashman
120 West 45th Street
New York, New York 10036

and

TURNER PADGET GRAHAM
& LANEY P.A.
W. Duvall Spruill
1901 Main Street, 17th Floor
P.O. Box 1473
Columbia, South Carolina 29202

Counsel for PwC Canada

GIBSON, DUNN & CRUTCHER LLP
M. Byron Wilder
2100 McKinney Avenue
Suite 1100
Dallas, Texas 75201

SWEENEY, WINGATE & BARROW
William O. Sweeney III
and 1515 Lady Street
P.O. Box 12129
Columbia, South Carolina 29201

Counsel for PwC US

9. The failure to file an objection in a timely manner, as described above, may bar the objector from being heard, absent relief from the Court, on any objections, including any objection to the fairness, reasonableness or adequacy of the Settlement, or to the entry of the Judgment contemplated by the Settlement.

10. You may file an objection without having to appear at the Settlement Hearing. Members of the Settlement Class who approve of the proposed Settlement do not need to appear at the Settlement Hearing to indicate their approval, although they must file a Proof of Claim to participate in the Settlement.

**ANY CLASS MEMBER WHO DOES NOT OBJECT IN THE MANNER DESCRIBED
HEREIN WILL BE DEEMED TO HAVE WAIVED ANY OBJECTION, AND SHALL
BE FOREVER FORECLOSED FROM MAKING ANY OBJECTION TO THE PRO-
POSED SETTLEMENT.**

H. DISMISSAL AND RELEASES

1. If the proposed Settlement is approved, the Court will enter a Final Judgment and Order of Dismissal (the "Judgment"). The Judgment will dismiss the Settled Claims with prejudice as to PwC Canada and PwC US. Thereafter the Action as to those defendants will be dismissed.

2. The Judgment will provide that all members of the Settlement Class who do not validly and timely request to be excluded from the Settlement Class shall be deemed to have, fully, finally, unconditionally, and forever released, settled and discharged, in accordance with the terms of the Stipulation, the Released Parties from and with respect to the Settled Claims, whether or not such members of the Settlement Class execute and deliver a Proof of Claim.

I. CONDITIONS FOR SETTLEMENT

1. The Settlement is subject to several conditions as set forth in the Stipulation, including the entry of a final judgment by the Court and the occurrence of the Effective Date.

2. Upon the Effective Date, each of the Class Representatives and Class Members, shall hereby have deemed to have, and by operation of the Judgment shall thereby be deemed to have, fully, finally, and forever, released, settled and discharged, in accordance with the terms of the Stipulation, the Released Parties from and with respect to the Settled Claims, whether or not such Class Members execute and deliver a Proof of Claim.

J. EFFECT OF DISAPPROVAL, CANCELLATION OR TERMINATION

1. If (a) the Effective Date does not occur, or (b) the Stipulation is canceled or terminated pursuant to its terms, or (c) the Settlement does not become final for any reason, then: (i) the Gross Settlement Fund (less any taxes, fees or charges and any notice and administration expenses paid or owing with respect to the Gross Settlement Fund), plus any amount then remaining in the notice and administration account, including both interest paid and accrued, shall be refunded to PwC Canada and PwC US by the Escrow Agent within ten (10) business days of such cancellation or termination; and (ii) all of the parties to the Stipulation shall be

deemed to have reverted to their respective status prior to the execution of the Stipulation, and they shall proceed in all respects as if the Stipulation had not been executed and the related orders had not been entered, preserving in that event all of their respective claims and defenses in the Action, and neither the Settlement documents nor fact of the Settlement shall be used for any purpose whatsoever.

K. NOTICE TO BANKS, BROKERS AND OTHER NOMINEES

Because the deadline for requesting exclusion from the Settlement Class is May 15, 2003, if you were a nominee who purchased or acquired Laidlaw common stock during the Settlement Class Period for any beneficial owner, then, within ten (10) days from receipt of this Notice and Proof of Claim and Release (the "Notice"), you must either: (1) provide the Claims Administrator with the names and addresses of such beneficial owners, preferably on computer-generated mailing labels or, electronically, in MS Word or WordPerfect files (label size Avery® #5162), or in an MS Excel data table setting forth (a) title/registration, (b) street address, (c) city/state/zip; or (2) send copies of the Notice to all beneficial owners by first-class mail and provide the Claims Administrator with written confirmation of having done so. Additional copies of the Notice may be requested by contacting:

Claims Administrator
Laidlaw Stockholders Litigation
c/o Berdon LLP
P.O. Box 9014
Jericho, NY 11753-8914
Telephone: (800) 766-3330
Fax: (516) 931-0810
Website: www.berdonllp.com/claims

You are entitled to the reimbursement of any *reasonable* expenses actually incurred in connection with the research of records and (1) the generating of labels or electronic media or (2) the mailing of this Notice, upon submission to the Claims Administrator of a written request, together with appropriate supporting documentation.

L. FURTHER INFORMATION AVAILABLE

1. This Notice is not all-inclusive. For further information concerning the Action, you may refer to the pleadings and other papers, all of which may be inspected at the office of the Clerk of the Court, 1845 Assembly Street, Columbia, SC 29201-2455, during normal business hours.
2. PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE FOR INFORMATION. ANY INQUIRIES SHOULD BE DIRECTED TO THE PLAINTIFFS' LEAD COUNSEL.
3. For additional copies of the Notice, contact the Claims Administrator, as in Section K, above.

Dated: March 21, 2003

BY ORDER OF THE UNITED STATES
DISTRICT COURT FOR THE DISTRICT
OF SOUTH CAROLINA

UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH CAROLINA
COLUMBIA DIVISION

IN RE LAIDLAW
STOCKHOLDERS LITIGATION

C.A. 3:00-CV-855-17

PROOF OF CLAIM AND RELEASE

I. GENERAL INSTRUCTIONS

A. To recover as a member of the Settlement Class based on your claims in the captioned action (the "Action"), you must complete and, on page 6 hereof, sign this Proof of Claim and Release. If you fail to file a properly addressed Proof of Claim and Release (as set forth in paragraph 3 below), your claim may be rejected and you may be precluded from any recovery from the Net Settlement Fund created in connection with the proposed settlement of the Action.

B. Submission of this Proof of Claim and Release, however, does not assure that you will share in the proceeds of settlement in the Action.

C. YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM AND RELEASE POSTMARKED ON OR BEFORE SEPTEMBER 15, 2003 ADDRESSED AS FOLLOWS:

Claims Administrator
Laidlaw Stockholders Litigation
c/o Berdon LLP
P.O. Box 9014
Jericho, NY 11753-8914

D. If you are NOT a member of the Settlement Class (as defined in the Notice of Pendency and Settlement of Class Action) DO NOT submit a Proof of Claim and Release Form.

E. If you are a member of the Settlement Class and you do not timely request exclusion, you are bound by the terms of any judgment entered in the Action, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM AND RELEASE.

II. CLAIMANT IDENTIFICATION INSTRUCTIONS

A. If you purchased and/or acquired the common stock of Laidlaw Inc. during the "Settlement Class Period" and held the certificate(s) in your name, you are the beneficial owner as well as the record owner. If, however, you purchased and/or acquired Laidlaw Inc. common stock and the certificate(s) were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial owner and the third party is the record owner.

B. Use Part I of this form entitled "Claimant Identification" to identify each holder of record ("nominee"), if different from the beneficial holder of Laidlaw Inc. stock which forms the basis of this claim. **THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL OWNER OR OWNERS OR THE LEGAL REPRESENTATIVE OF SUCH OWNER OR OWNERS OF THE LAIDLAW INC. STOCK UPON WHICH THIS CLAIM IS BASED.**

C. All joint owners must sign this claim. Executors, administrators, guardians, conservators and trustees must complete and sign this claim on behalf of Persons represented by them, and their authority must accompany this claim, and their titles or capacities must be stated. The Social Security or Taxpayer Identification number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

III. CLAIM FORM INSTRUCTIONS

A. Use Part II of this form entitled "Schedule of Transactions in Laidlaw Inc. Common Stock" to supply all required details of your transaction(s) in Laidlaw Inc. common stock. If you need more space or additional schedules, attach separate, numbered sheets giving all of the required information in substantially the same form. Print your name and Social Security or Taxpayer Identification number at the top of each additional sheet.

B. On the schedules, provide the requested information with respect to all of your purchases or other acquisitions and all of your sales of Laidlaw Inc. common stock which took place at any time beginning October 15, 1997 through and including January 21, 2001, and all sales through January 21, 2001, whether such transactions resulted in a profit or a loss. Failure to report all such transactions may result in the rejection of your claim.

C. List each transaction during the Settlement Class Period separately and in chronological order, by date, beginning with the earliest. You must accurately provide the month, day, and year of each transaction you list, and the trade price, exclusive of commissions, taxes and other charges, for each purchase and sale you list.

D. FIFO: In processing claims, the first-in, first-out basis ("FIFO") will be applied to both purchases and sales.

E. Profits and Losses: All profits will be subtracted from all losses to determine the net Recognized Loss of each Authorized Claimant.

F. Short Sales: The date of covering a "short sale" is deemed to be the date of purchase of Laidlaw common stock. The date of a "short sale" is deemed to be the date of sale of Laidlaw common stock.

G. Purchase/Sale Dates: The date of a purchase or sale of Laidlaw common stock is the trade date, and not the settlement date.

H. De Minimis: No payment will be made on any claims where the potential distribution amount is \$5.00 or less, but the Authorized Claimant will otherwise be bound by the final judgment entered by the Court.

I. Options: Exercises of option contracts will be considered purchases or sales of common stock. The option premiums should be incorporated into the purchase/sale price of the shares of common stock.

J. Electronic Filing: Any claim submitted that contains more than 50 transactions must be filed electronically on: (a) a 3½" diskette; (b) a CD-ROM; or (c) ZIP media. The data must be provided in a spreadsheet (MS Excel 4.0) or in ASCII fixed length field text files. For complete filing instructions, please refer to www.berdonllp.com/claims and click on "Electronic Filing."

K. Supporting Documentation: You must attach copies of documentation supporting the trading activity listed below in order for your claim to be valid. Use one of the following: brokerage confirmation slips or monthly statements, or similar documents to confirm the date of purchase or sale, the quantity purchased or sold, and the purchase and sale price, as well as your ownership on October 14, 1997, and January 21, 2001. If such documents are not available, a complete list of acceptable supporting documentation can be found on the Claims Administrator's website www.berdonllp.com/claims.

UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH CAROLINA

In Re: Laidlaw Stockholders Litigation

PROOF OF CLAIM

Must be received by Claims Administrator postmarked no later than September 15, 2003.

PART I: CLAIMANT IDENTIFICATION

Please Type or Print

Beneficial Owner's Name (as it appears on your brokerage statement)

Joint Beneficial Owner's Name (as it appears on your brokerage statement)

Street Address

City

State

Zip Code

Foreign Province

Foreign Country

Social Security No.

or

Taxpayer Identification No.

Specify one of the following:

____ Individual(s) ____ Corporation ____ UGMA Custodian ____ IRA
____ Partnership ____ Estate ____ Trust ____ Other: _____

____ (Day) _____ (Evening)
Area Code Telephone Number Area Code Telephone Number

Facsimile Number

E-Mail Address

Record Owner's Name and Address (if different from beneficial owner listed above)

PART II: SCHEDULE OF TRANSACTIONS IN LAIDLAW COMMON STOCK

A. Number of shares held at the close of trading on October 14, 1997 (*must be documented*): _____

B. Separately list each and every purchase of Laidlaw common stock during the period October 15, 1997 through January 21, 2001, and provide the following information (*must be documented*):

Trade Date (list chronologically) Month/Day/Year	Number of Shares Purchased	Price Per Share (excluding commissions, taxes, and fees)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

C. Separately list each and every sale of Laidlaw common stock during the period October 15, 1997 through January 21, 2001, and provide the following information (*must be documented*):

Trade Date (list chronologically) Month/Day/Year	Number of Shares Sold	Price Per Share (excluding commissions, taxes, and fees)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

D. State the total number of shares of Laidlaw common stock owned at the close of trading on January 21, 2001 (*must be documented*): _____

If additional space is needed, attach separate, numbered sheets in the same format, and print your name and Social Security or Taxpayer Identification number at the top of each sheet.

YOU MUST READ AND SIGN THE RELEASE AND CERTIFICATION ON PAGE 6.

IV. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I (We) submit this Proof of Claim and Release under the terms of the Stipulation of Settlement described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the District of South Carolina with respect to my (our) claim as a Settlement Class Member and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in the Action as a result of the Settlement. I (We) agree to furnish additional information to Plaintiffs' Lead Counsel to support this claim if required to do so. I (We) have not submitted any other claim covering the same purchases and/or acquisition of Laidlaw Inc. common stock during the Settlement Class Period and know of no other Person having done so on my (our) behalf.

V. RELEASE

A. I (We) hereby acknowledge full and complete satisfaction of, and, as a Releasor, do hereby fully, finally and unconditionally settle, release and forever discharge from the Settled Claims PricewaterhouseCoopers LLP, the limited liability partnership established under the laws of the Province of Ontario, Canada, PricewaterhouseCoopers LLP, the limited liability partnership established under the laws of the State of Delaware, and each of the other Released Parties, as defined in the attached Notice and the Stipulation of Settlement.

B. This release shall be of no force or effect unless and until the Court approves the Stipulation of Settlement and the Stipulation becomes effective on the Effective Date (as defined in the Stipulation).

C. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

D. I (We) hereby warrant and represent that I (we) have included information about all of my (our) transactions in Laidlaw Inc. common stock that occurred during the Settlement Class Period.

VI. CERTIFICATION

UNDER THE PENALTIES OF PERJURY, I (WE) CERTIFY THAT:

The number shown on this form is my correct Taxpayer Identification Number; and I (we) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406 (a)(1)(c) of the Internal Revenue Code.

NOTE: If you have been notified by the IRS that you are subject to backup withholding, you must cross out the word "NOT" in the paragraph above.

I (We) have read the foregoing Proof of Claim and Release and certify that all of the information contained herein, and in the supporting documents attached hereto, is true, correct and complete to the best of my (our) knowledge, information and belief, and that this form was executed on the ____ day of _____, 2003 in _____, _____.

(City)

(State/Country)

Signature of Claimant

(Print your name here)

Signature of Joint Claimant, if any

(Print your name here)

Signature of person signing on behalf of Claimant

(Print your name here)

Capacity of person signing on behalf of
Claimant, if other than an individual, e.g.,
Executor, President, Custodian, etc.)

**ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT
AMOUNT OF TIME. THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

1. Remember to sign the above Release and Certification.
2. Remember to attach only copies of acceptable supporting documentation, a complete list of which can be found on our website.
3. Do not send original securities certificates.
4. Keep a copy of the completed claim form for your records.
5. If you desire an acknowledgment of receipt of your claim form, please send it Certified Mail, Return Receipt Requested, or its equivalent.
6. If you move after submitting your claim form, please send us your new address.
7. If you have any questions or concerns regarding your claim, please contact:

Claims Administrator
Laidlaw Stockholders Litigation
c/o Berdon LLP
P.O. Box 9014
Jericho, NY 11753-8914
Telephone: (800) 766-3330
Fax: (516) 931-0810
Website: www.berdonllp.com/claims

Certain biographical information relating to each of the individuals who is presently expected to serve as an executive officer of New LINC is set forth below.

Kevin E. Benson assumed his position as President and Chief Executive Officer of LINC on September 16, 2002. Prior to that, Mr. Benson served as President of the Jim Pattison Group, Canada's third largest privately held company, and as the President and Chief Executive Officer of the Insurance Corporation of British Columbia. He previously served as Chief Executive Officer of Canadian Airlines from 1996 until July 2000. Prior to joining Canadian Airlines in 1995, he served in various capacities with Trizec-Hahn, a Canadian real estate development company with property holdings in the U.S. and Canada, joining the company in 1977 and becoming Chief Financial Officer in 1983, President in 1986 and Chief Executive Officer in 1987. Mr. Benson also serves as a director of Manulife Financial.

Douglas A. Carty joined LINC in January 2003 as Executive Vice President and Chief Financial Officer. Prior to that, Mr. Carty served as Senior Vice President and Chief Financial Officer of Atlas Air Worldwide Holdings, one of North America's largest aviation transportation companies from July 2001 until December 2002. From 1990 until July 2001, Mr. Carty was employed with Canadian Airlines, where he served in a variety of positions, including, Senior Vice President and Chief Financial Officer from 1996 until July 2000. Mr. Carty also serves as a non-executive Chairman of the Board of Points International Ltd., a provider of services to the loyalty program industry.

Ivan R. Cairns has been Senior Vice-President and General Counsel of LINC since October 1990 and, prior thereto, was Vice-President and General Counsel and Secretary from November 1981 until October 1990.

Wayne R. Bishop has been Vice President of LINC since April 1997 and Controller since December 1988. Mr. Bishop joined LINC in November 1987 as Assistant Controller.

D. Geoffrey Mann has been Vice President, Treasurer of LINC since March 1999. Prior thereto, Mr. Mann was Director, Treasury Operations from December 1996 until March 1999. Mr. Mann joined LINC in March 1995 as Manager of Planning and Analysis.

Executive Compensation

The discussion of executive compensation contained in this Disclosure Statement has been prepared based on the actual compensation paid and benefits provided during the fiscal year ended August 31, 2002 by LINC and the Debtors to its executive officers who are expected to be executive officers of New LINC as of the Effective Date. The existing employment, compensation and benefit arrangements of LINC and the Debtors that are presently expected to be maintained by New LINC as of the Effective Date and certain new arrangements and modifications to existing arrangements that are presently expected to become effective as of the Effective Date are also described below. Existing employment, compensation and benefit arrangements that are expected to be terminated as of the Effective Date are not described below.

New LINC's executive compensation program will be designed to:

- be competitive with companies of comparable size and complexity across general North American industry;
- recognize the considerable progress made towards improving the financial performance of LINC through the period of instability in 2000, 2001 and 2002;
- reward and retain executives to remain in New LINC's employ through the potentially turbulent period associated with implementing the Plan, and
- align long-term incentive executive gains with the interests of stockholders.

Summary Compensation Table

The following table sets forth the compensation paid or payable by LINC during the fiscal year ended August 31, 2002 to the individual who served as Chief Executive Officer of LINC during that period and the other executive officers of LINC and its subsidiaries who are expected to serve as executive officers of New LINC or in the same position with such subsidiary as of the Effective Date. Kevin E. Benson, the President and Chief Executive Officer, and Douglas A. Carty, the Executive Vice President and Chief Financial Officer, of New LINC as of the Effective Date, were not employed by LINC during its fiscal year 2002, and accordingly, no compensation information for Messrs. Benson and Carty is provided.

Name and Principal Position	Year	Annual Compensation Salary (\$)(1)(2)	Long-Term Compensation Bonus (\$)	Compensation under Options Granted (#)	Securities Compensation (\$)(3)	All Other Compensation (\$)(3)
John R. Grainger (4)	2002	\$624,000	\$634,725	0	\$19,513	
President and Chief Executive Officer	2001	\$610,000	\$210,000	0	\$8,951	
	2000	\$561,618	0	500,000	\$7,865	
Ivan R. Cairns	2002	\$324,167	\$140,000	0	\$8,803	
Senior Vice President and General Counsel	2001	\$320,000	\$171,200	0	\$8,793	
	2000	\$314,167	0	200,000	\$7,680	
Wayne R. Bishop	2002	\$154,018	\$63,569	0	\$7,599	
Vice President, Controller	2001	\$150,781	\$73,361	0	\$7,211	
	2000	\$145,226	\$20,913	45,000	\$6,374	
D. Geoffrey Mann	2002	\$133,759	\$63,569	0	\$7,382	
Vice President, Treasury	2001	\$126,984	\$43,886	0	\$5,245	
	2000	\$123,266	\$17,852	45,000	\$7,205	

- (1) Messrs. Grainger and Cairns are compensated in U.S. dollars. All other compensation amounts for Messrs. Grainger and Cairns have been converted to U.S. dollars based upon average exchange rates per Canadian dollar of \$1.5731, \$1.5267 and \$1.4704 for 2002, 2001 and 2000, respectively.
- (2) Messrs. Bishop and Mann are compensated in Canadian dollars. All salary, bonus and other compensation amounts for these individuals have been converted to U.S. dollars based upon average exchange rates per Canadian dollar of \$1.5731, \$1.5267 and \$1.4704 for 2002, 2001 and 2000, respectively.
- (3) Includes contributions to Deferred Profit Sharing and Compensation Plans and the cost of Term Life Insurance.
- (4) Effective November 26, 2001, Mr. Grainger was appointed President and Chief Executive Officer of Laidlaw Transit. Mr. Grainger served as President and Chief Executive Officer of LINC until September 16, 2002.

Existing Benefit Plans and Agreements of LINC and its Subsidiaries

Supplemental Executive Retirement Plans. LINC sponsors two supplemental executive retirement plans for certain employees of the Laidlaw Companies (collectively, the "SERPs"). LINC has entered into a trust agreement with respect to the Canadian plan and, as of April 1, 2002, had arranged a letter of credit issued by Royal Bank of Canada to such trust in the amount of approximately Cdn \$7.3 million (U.S. \$4.8 million), of which approximately Cdn \$2.9 million is held by the Canadian Customs Revenue Agency and the remainder is held in the trust. As of April 1, 2002, 15 active employees and 11 terminated employees were covered by the Canadian plan and 49 active employees and 26 terminated employees were covered by the U.S. plan. The benefit amount payable at age 65 is the sum of (a) 1.0% of final average earnings up to \$150,000 and (b) 1.5% of final average earnings in excess of \$150,000, less government pension benefits, multiplied by the participant's years of service with LINC and its affiliates. A participant's final average earnings would be the average of the highest consecutive five years earnings (including salary and bonus, not exceeding the target level) earned by the participant in the last ten years prior to retirement. The form of benefit would be an annuity, guaranteed five years. On September 7, 2001, the Debtors filed a motion seeking authorization from the Bankruptcy Court to assume the SERPs. On September 28, 2001, the Bankruptcy Court approved the motion.

LINC also provides retirement and deferred savings plans pursuant to which LINC will match 50% of the employee's contributions to the plan, provided that the total annual contributions do not exceed the maximum allowable contributions under the relevant income tax law.

Greyhound Lines sponsors a supplemental executive retirement plan for certain of its executive level employees. Pursuant to the terms of the plan, Greyhound Lines makes an annual contribution to each participant's account under the plan in accordance with the following: 20% of annual base salary for the President, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, any Senior Vice President and any other participants who have completed at least 84 months of service, and 10% of annual base salary for all other participants. Participants vest in their account balances upon completion of five years of service with Greyhound Lines, upon death or disability, or if, within the two-year period following a change in control of Greyhound Lines, a participant's employment is terminated by Greyhound Lines for any reason, the participant's professional duties or authority are substantially diminished by Greyhound Lines or the participant's total compensation payable by Greyhound Lines is reduced and the participant's employment with Greyhound Lines is subsequently terminated, voluntarily or involuntarily. Assets available to pay benefits under the plan are held in a trust. The assets of the trust are subject to the claims of the general creditors of Greyhound Lines. A standby letter of credit has been issued by Royal Bank of Canada to such trust in the amount of \$3.0 million.

Greyhound Lines also sponsors a non-qualified deferred compensation plan for its highly compensated employees. Under this plan, participants may elect to defer all or any portion of their base salary on an after tax basis. In addition, participants in the plan may receive a discretionary employer contribution. Each participant may direct the investment of his account under the plan in any of the investment options offered under the plan.

Key Employee Retention Plan. During fiscal 2001, LINC approved phase I of the KERP, which was designed to ensure that the employees of LINC who are critical to LINC's restructuring efforts were provided with sufficient economic incentives and protections to remain with, and fulfill their responsibilities to, LINC through the initial stages of LINC's financial restructuring process. It was anticipated when the KERP initially was put in place that LINC would adopt a supplemental key employee retention program to provide incentives and protections for these individuals through the completion of the financial restructuring process. On September 7, 2001, the Debtors filed a motion seeking Bankruptcy Court approval of phase II of the KERP. On September 28, 2001, the Bankruptcy Court approved the KERP.

Under phase I of the KERP, retention benefits were payable if the employee remained employed with LINC through specified dates, or if LINC terminated the employee's employment without cause before such dates. Pursuant to phase I of the KERP, Mr. Grainger's retention benefit was 12 months of base salary, payable 25% on October 31, 2000, 25% on May 1, 2001 and 50% on October 31, 2001. Each of Messrs. Bishop and Mann received a retention benefit of 75% of 18 months of base salary, payable 25% on October 31, 2000, 25% on May 1, 2001 and 50% on October 31, 2001. Other employees were eligible for retention benefits as follows:

- vice presidents received 75% of 18 months of base salary;
- directors and staff members received 50% of 18 months of base salary;
- managers and professionals received 25% of 18 months of base salary; and
- administrative and clerical employees received 15% of 18 months of base salary.

The total cost of these retention benefits was approximately Cdn \$2.0 million (approximately U.S. \$1.3 million) for those participants paid in Canadian funds plus \$600,000 for those participants paid in U.S. funds.

Under phase II of the KERP, retention benefits are payable to 38 specified employees of the Debtors if any such employee remains employed with LINC through a specified date (described below) or if LINC terminates the employee's employment without cause before such date. Each of Messrs. Bishop, Mann and Cairns will receive a retention benefit of 50% of monthly base salary times months of service credited from November 1, 2001 until the later of the confirmation of the plan of reorganization or the relocation of LINC's corporate headquarters, not in excess of 12 months. Other employees are eligible for retention benefits of 25% or 50% of monthly base salary times months of service credited from November 1, 2001 until the later of the confirmation of the plan of

reorganization or the relocation of LINC's corporate headquarters, not in excess of 12 months. As of November 1, 2001, each participant in phase II of the KERP is credited with 3 months of service (which counts toward the 12-month limit). Because LINC did not have a confirmed plan of reorganization in place by June 1, 2002, participants in phase II of the KERP will receive 25% of the retention bonus payable as of that date with the balance being paid on the later of the confirmation of a plan of reorganization or the relocation of LINC's corporate headquarters. The total cost of these retention benefits is estimated to be \$1.1 million.

Various affiliates of LINC have also approved retention agreements similar to phase I of the KERP that provide economic incentives for employees to remain with their employers through the initial stages of LINC's financial restructuring process. Retention benefits generally are payable if the employee remains employed through specified dates or if the employee's employer terminates the employee's employment without cause before these dates. The total cost of these additional retention benefits is estimated to be approximately \$13.1 million.

Benson Employment Agreement. LINC has entered into an employment agreement with Mr. Benson under which Mr. Benson serves as LINC's President and Chief Executive Officer. Pursuant to the agreement, in addition to his annual salary, Mr. Benson is eligible to participate in the Short Term Incentive Plan. Mr. Benson's target bonus will be 75% of base salary, with a maximum bonus of 150% of base salary. Mr. Benson will also participate in the SERP and be eligible to receive stock options as approved by the compensation committee of the New LINC Board of Directors. Pursuant to the agreement, Mr. Benson will also receive other benefits, including reimbursement of club membership expenses, tax preparation and planning expenses and relocation expenses. If Mr. Benson is terminated without cause, he is entitled to receive his base salary in effect at that time and the continuation of medical insurance, dental insurance and term life insurance for a period of 24 months following termination. In lieu of these benefits, Mr. Benson may be paid an equivalent lump sum cash amount. The agreement requires Mr. Benson to refrain from competing with and soliciting customers of LINC during his employment and for 24 months following his termination without cause. The agreement also prevents Mr. Benson from soliciting any employee of LINC for a period of 24 months following his termination. Mr. Benson is also entitled to certain severance benefits if he is terminated without cause during the two-year period following a change in control of LINC, or if he terminates his employment with LINC during the two-year period upon the occurrence of certain events, including, without limitation, a reduction in the aggregate of his base pay and incentive pay or failure to maintain him in the office or position, or a substantially equivalent office or position, which he held immediately prior to the change in control. On October 7, 2002, LINC filed a motion seeking Bankruptcy Court approval of the employment contract with Mr. Benson. On November 7, 2002, the Bankruptcy Court approved the motion.

Carty Employment Agreement. LINC has entered into an employment agreement with Mr. Carty under which Mr. Carty serves as LINC's Executive Vice President and Chief Financial Officer. Pursuant to the agreement, in addition to his annual salary, Mr. Carty is eligible to participate in LINC's Short Term Incentive Plan. Mr. Carty's target bonus will be 75% of base salary, with a maximum bonus of 150% of base salary. Mr. Carty will also participate in LINC's SERP and be eligible to receive stock options as approved by the compensation committee of the New LINC Board of Directors. Pursuant to the agreement, Mr. Carty will also receive other benefits, including a monthly allowance for automobile and related operating and insurance expenses and reimbursement of club membership expenses, tax preparation and planning expenses, each subject to maximum reimbursement limits, and reasonable relocation expenses. If Mr. Carty is terminated without cause, he is entitled to receive his base salary in effect at that time and the continuation of medical insurance, dental insurance and term life insurance for a period of 24 months following termination. In lieu of these benefits, Mr. Carty may be paid an equivalent lump sum cash amount. In addition, if Mr. Carty is terminated within his first year of employment, LINC must reimburse him for reasonable and actual relocation expenses. The agreement requires Mr. Carty to refrain from competing with and soliciting customers of LINC during his employment and for 24 months following his termination without cause. The agreement also prevents Mr. Carty from soliciting any employee of LINC for a period of 24 months following his termination. Mr. Carty is also entitled to certain severance benefits if he is terminated without cause during the two-year period following a change in control of LINC, or if he terminates his employment with LINC during the two-year period upon the occurrence of certain events, including, without limitation, a reduction in the aggregate of his base pay and incentive pay or failure to maintain him in the office or position, or a substantially equivalent office or position, which he held immediately prior to the change in control.

Grainger Employment Agreement: LINC has entered into an employment agreement with Mr. Grainger. Pursuant to the agreement, in addition to his annual salary, Mr. Grainger is eligible to participate in a CEO Annual Incentive Plan and to receive a restructuring bonus in an amount up to \$840,000 depending on the circumstances and timing of the restructuring. In addition to participation in LINC's other benefit programs, Mr. Grainger will receive service credit under LINC's SERP of two years for every year of his service commencing January 1, 2000, and the normal retirement age for Mr. Grainger under the SERP (initially, age 65 at which benefits may be commenced without reduction) will be reduced by one year for each year of Mr. Grainger's service. If Mr. Grainger is terminated without cause, he is entitled to receive a lump sum amount equal to 2.5 times his base salary plus 2.5 times the target award under the CEO Annual Incentive Plan and the continuation of other benefits for a period of 30 months after his termination. In lieu of the benefits, Mr. Grainger may be paid an equivalent lump sum cash amount. The agreement requires Mr. Grainger to refrain from competing with and soliciting customers of LINC during his employment and for fifteen months following his termination without cause. The agreement also prevents Mr. Grainger from soliciting any employee of LINC for a period of fifteen months following his termination.

Amendment to Grainger Employment Agreement: On November 26, 2001, Mr. Grainger, LINC and Laidlaw Transit agreed to amend certain terms of Mr. Grainger's existing employment agreement with LINC. Pursuant to the agreement, Mr. Grainger was appointed President and Chief Executive Officer of the operating subsidiary for LINC's passenger services group, Laidlaw Transit, and he agreed to remain President and Chief Executive Officer of LINC pending recruitment of a new President and Chief Executive Officer for LINC. Mr. Grainger's target bonus will continue at the same percentage of base salary as provided in his existing LINC employment agreement; however, his eligibility for bonus compensation will be determined under the terms of LINC's educational services short-term incentive plan. In addition, LINC acknowledged its obligation to continue Mr. Grainger's participation in the SERP as provided in his existing LINC employment agreement, and Laidlaw Transit agreed to provide Mr. Grainger with benefits comparable to those provided to him under his existing LINC employment agreement and such other benefits that Laidlaw Transit maintains for its senior executives. Laidlaw Transit also agreed to reimburse Mr. Grainger for his legal expenses incurred in connection with the amending agreement. Finally, LINC agreed to file a motion with the Bankruptcy Court to seek to assume Mr. Grainger's employment and change of control severance agreements, as amended by the November 26, 2001 agreement, and LINC agreed that it would perform its obligations under those agreements. On December 13, 2001, LINC filed a motion to assume the Grainger agreements. On December 21, 2001, the Bankruptcy Court approved the motion. Mr. Grainger's change in control severance agreement, as amended by the November 26, 2001 agreement, expired on April 15, 2002.

Severance Policy: LINC has a severance policy pursuant to which an employee whose employment is terminated by LINC other than for cause or due to a reduction in workforce is considered for a severance allowance. A severance allowance payable pursuant to the severance policy consists of: (i) a severance amount payable for a period (the "Severance Period") at LINC's discretion either as a lump sum or in installments, based on the employee's years of service, age, base salary, and car allowance; (ii) continuation of certain welfare benefits for the shorter of the Severance Period or until the employee obtains alternative employment; and (iii) outplacement services. An employee must execute a general release of claims in order to receive a severance allowance. The aggregate amount of severance benefits available to employees on the Petition Date totaled approximately \$2.5 million. However, LINC believes that, because many employees will continue to work for LINC, the actual total payments pursuant to the severance policy will be less than \$2.5 million. On September 7, 2001, the Debtors filed a motion seeking authorization from the Bankruptcy Court to assume the severance policy. On September 28, 2001, the Bankruptcy Court approved the motion.

Other Employment and Severance Agreements: Senior officers and other key employees of various affiliates of LINC also have employment or severance agreements with their employers. LINC is a party to certain of these agreements. These agreements provide for severance benefits that would be payable to the employee in the event that his or her employment is terminated following a change in control of his or her employer or, in certain cases, LINC.

Employee Stock Option Plan LINC has two stock option plans for employees, the 1991 Employee Stock Option Plan and the 1998 Employee Stock Option Plan, which provide for the granting of options, at the discretion of LINC's board of directors, to certain senior employees and officers of LINC. All options are subject to certain

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conditions of service and, in certain circumstances, a non-competition agreement. As of August 31, 2002, a total of 13,483,241 options to purchase Old Common Stock of LINC were outstanding under the 1991 Employee Stock Option Plan and the 1998 Employee Stock Option Plan at prices ranging from Cdn \$7.625 - \$20.30 per share and U.S \$0.875 - \$15.25 per share. During the fiscal year ended August 31, 2002, no options were granted under the plans. The 1991 Employee Stock Option Plan and the 1998 Employee Stock Option Plan will terminate and the options granted thereunder will be canceled consistent with the treatment of Class 9B Claims in accordance with the terms of the Plan.

Director Stock Option Plan At August 31, 2002, an aggregate of 180,000 shares of Old Common Stock of LINC were subject to options outstanding under the Director Stock Option Plan of LINC at prices ranging from Cdn \$14.30 to \$19.90 per share and U.S \$8.00 per share. During the fiscal year ended August 31, 2002, no options were granted under the Director Stock Option Plan. The Director Stock Option Plan will terminate and the options granted thereunder will be canceled consistent with the treatment of Class 9B Claims in accordance with the terms of the Plan.

Defined Benefit Pension Plans Certain of the affiliates of LINC sponsor 13 defined benefit pension plans as follows

- Greyhound Lines sponsors a defined benefit pension plan for its salaried employees. Benefit accruals were frozen on May 7, 1990.
- Greyhound Lines sponsors a defined benefit pension plan for substantially all of its ongoing hourly rated employees hired before November 1, 1983 (the Amalgamated Transit Union Plan (the "ATU Plan")). The ATU Plan provides retirement benefits to the covered employees based upon a percentage of average final earnings, reduced pro rata for service of less than 15 years.
- Texas, New Mexico and Oklahoma Coaches, Inc. sponsors a defined benefit pension plan for certain of its employees (the "TNM&O Plan"). The TNM&O Plan provides retirement benefits to the covered employees based upon years of service and applicable mandatory employee contributions.
- Vermont Transit Co., Inc. sponsors a defined benefit pension plan for substantially all of its employees. Benefit accruals under the plan were frozen on June 30, 2000.
- Carolina Coach Company sponsors a defined benefit pension plan for certain of its employees (the "Carolina Coach Plan"). The Carolina Coach Plan provides retirement benefits to the covered employees based upon final average compensation, benefit service and primary social security benefit as of the date of determination.
- Carolina Coach Company sponsors a defined benefit pension plan for certain of its employees who are subject to the collective bargaining agreement between Carolina Coach Company and the International Association of Machinists acting through its Local Lodges No. 11 and 1085 (the "Machinists Pension Plan"). The Machinists Pension Plan provides retirement benefits to the covered employees based upon basic compensation and years of benefit service.
- Carolina Coach Company sponsors a defined benefit pension plan for certain of its employees who are subject to the collective bargaining agreement between Carolina Coach Company and Division 1437 of the Amalgamated Transit Union (the "Amalgamated Transit Plan"). The Amalgamated Transit Plan provides benefits to the covered employees based upon basic compensation and years of benefit service.
- Greyhound Canada Transportation Corp. and its subsidiaries sponsor 4 additional defined benefit pension plans covering employees represented by the Canadian Auto Workers and the Amalgamated Transit Union and all non-unionized employees meeting certain eligibility requirements.

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As of August 31, 2002, in the aggregate, the fair value of the assets of these pension plans was \$749.4 million and the benefit obligation was \$805.4 million. As of August 31, 2002, nine of the pension plans have accumulated and projected benefit obligations in excess of plan assets, for which the projected benefit obligation, accumulated benefit obligation and fair value of plan assets are \$687.3 million, \$685.3 million and \$618.7 million, respectively. Based on the current terms of the ATU Plan and current law, it is estimated that LINC or New LINC will be required to make contributions to the ATU Plan through 2007 of between \$169 million and \$205 million. These estimates are based on a continuation of the freeze of wage and service accruals under the ATU Plan and on various assumptions relating to future discount rates, mortality rates, returns on the investment of the assets of the ATU Plan and applicable U.S. legal requirements. Pursuant to the terms and conditions of the PBGC Agreement, LINC will be required to contribute an aggregate of \$150 million to the Pension Plans by December 2004. See "Operations During the Reorganization Cases — Settlement of Pension Plan Claims." As a result of the contributions under the PBGC Agreement, LINC's required minimum contributions may be reduced. Nevertheless, there is no assurance that the ATU Plan will be able to earn the assumed rate of return, that new regulations or legislation will not result in changes in the prescribed actuarial mortality table or discount rates, that there will not be market driven changes in the discount rates, or that actual experience will not otherwise vary from current circumstances or assumptions, which would result in LINC being required to make contributions in the future that differ significantly from the estimates above, which could have a material adverse effect on LINC's financial condition and results of operations and its ability to fund ongoing operations. See "Risk Factors — Pension Funding Requirements."

In addition, Greyhound Lines contributes to a multiemployer pension plan that covers certain mechanics of Greyhound Lines represented by the International Association of Machinists and Aerospace Workers, and Laidlaw Transit is required to make contributions to two multiemployer pension funds on behalf of certain of its employees who are covered by collective bargaining agreements.

Pension Plans Covered by ERISA. Among the pension plans established and maintained by the Laidlaw Companies for certain of their employees, the Pension Plans (as such term is defined in the Plan) are defined benefit pension plans insured by the PBGC under Title IV of the Employee Retirement Income Security Act, 29 U.S.C. §§ 1301-1461 ("ERISA") and are subject to the minimum funding requirements of Section 302 of ERISA and Section 412 of the Internal Revenue Code, 26 U.S.C. § 412. The PBGC is the United States government agency that administers the mandatory termination insurance program for defined benefit pension plans under ERISA. A defined benefit pension plan is one that provides an employee, upon retirement, a fixed periodic payment as determined by the terms of the plan. The PBGC guarantees the payment of certain pension benefits upon termination of a defined benefit pension plan. The Debtors and all members of the Debtors' controlled group are obligated to contribute to the Pension Plans the amounts necessary to satisfy ERISA's minimum funding standards. In addition, in the event of a termination of the Pension Plans, the Debtors and all members of the Debtors' controlled group may be jointly and severally liable for the unfunded benefit liabilities of the Pension Plans. The Pension Plans may be terminated only if the statutory requirements of either Section 4041 or 4042 of ERISA are met. The Debtors intend for the Pension Plans to continue. Accordingly, as of the Effective Date, New LINC and the Reorganized Debtors will continue to be contributing sponsors of the Pension Plans, as defined under Section 4001(a)(13) of ERISA and 29 C.F.R. § 4001.2, or members of the contributing sponsor's controlled group, as defined under Section 4001(a)(14) of ERISA and 29 C.F.R. § 4001.2, and as a result will be obligated (with the other members of the controlled group, as so defined) as of the Effective Date to fund the Pension Plans in accordance with the minimum funding standards under Section 302 of ERISA and the PBGC Agreement and to pay all required PBGC insurance premiums under Section 4007 of ERISA. Except as otherwise provided in the PBGC Agreement, no provision of or proceeding within the Reorganization Cases, the Plan, including the releases set forth in Section IV.G of the Plan, or the Confirmation Order shall in any way be construed as discharging, releasing or relieving the Debtors, New LINC, the Reorganized Debtors or any other party, in any capacity, from any liability with respect to the Pension Plans or any other defined benefit pension plan under any law, governmental policy or regulatory provision. Except as otherwise provided in the PBGC Agreement, the PBGC and the Pension Plans shall not be enjoined or precluded from enforcing any such liability by any of the provisions of the Plan or Confirmation. For a description of the PBGC Agreement, see "Operations During the Reorganization Cases — Settlement of Pension Plan Claims."

Other Qualified Retirement Plans. LINC, Laidlaw Transit, Greyhound Lines and EmCare each sponsor one or more defined contribution profit sharing plans for certain of their salaried, hourly and collectively bargained employees. LINC's board of directors, to certain senior employees and officers of LINC. All options are exercisable to certain

employees. Some of these defined contribution profit sharing plans have salary deferral features and/or matching contribution features.

Employee Stock Purchase Plans. The employee stock purchase plans of LINC permitted all non-unionized hourly and salaried employees of LINC and its subsidiaries meeting certain eligibility requirements to purchase shares of Old Common Stock of LINC at a price equal to 85% of the lower of the fair value of the Old Common Stock of LINC on the first and last days of the stock purchase period. These plans were effectively terminated in January, 2000.

Retiree Medical. Laidlaw Transit is required to provide retiree medical benefits to certain of its retirees pursuant to at least one collective bargaining agreement.

New Benefit Plans and Agreements

Notwithstanding anything to the contrary in the Plan, the terms and conditions of the Equity Incentive Plan (including eligibility requirements and the allocation of any New Common Stock or other consideration reserved thereunder) shall be established and determined by New LINC Board of Directors.

The following summarizes the terms of the Equity Incentive Plan. The full text of the Equity Incentive Plan is filed as Exhibit V to the Plan, and the following summary is qualified in its entirety by reference to Exhibit V to the Plan. Capitalized terms used below and not otherwise defined herein have the meanings given to them in the Equity Incentive Plan.

Shares Available Under the Equity Incentive Plan. Subject to adjustment as provided in the Equity Incentive Plan, the number of shares of New Common Stock that may be issued or transferred: (i) upon the exercise of Option Rights or Appreciation Rights, (ii) as Restricted Shares and released from substantial risks of forfeiture thereof, (iii) as Deferred Shares, (iv) in payment of Performance Shares or Performance Units that have been earned, (v) as awards to Non-Employee Directors or (vi) in payment of dividend equivalents paid with respect to awards made under the Equity Incentive Plan shall not exceed in the aggregate 5,000,000 shares, plus any shares relating to awards that expire or are forfeited or canceled. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing. Upon the payment of any Option Price by the transfer to New LINC of shares of New Common Stock or upon satisfaction of any withholding amount by means of transfer or relinquishment of shares of New Common Stock, there shall be deemed to have been issued or transferred under the Equity Incentive Plan only the net number of shares of New Common Stock actually issued or transferred by New LINC.

The aggregate number of shares of New Common Stock actually issued or transferred by New LINC upon the exercise of Incentive Stock Options ("ISO") shall not exceed 5,000,000 shares. Further, no participant shall be granted Option Rights for more than 500,000 shares of New Common Stock during any calendar year, subject to adjustments as provided in the Equity Incentive Plan. In no event shall any participant in any calendar year receive more than 500,000 Appreciation Rights, 500,000 Restricted Shares or 500,000 Deferred Shares, subject to adjustments as provided in the Equity Incentive Plan, or receive an award of Performance Shares or Performance Units having an aggregate maximum value as of their respective Dates of Grant in excess of \$1,000,000.

Eligibility. Officers and key employees of New LINC and its subsidiaries may be selected by the New LINC Board of Directors to receive benefits under the Equity Incentive Plan. In addition, Non-Employee Directors of New LINC will be eligible for non-discretionary grants of Option Rights as described below under "Awards of Option Rights to Non-Employee Directors."

Option Rights. Option Rights may be granted which entitle the optionee to purchase New Common Stock at a price not less than 100% of market value per share at the date of grant.

The option price is payable (a) in cash at the time of exercise; (b) by the transfer to New LINC of nonforfeitable unrestricted shares of New Common Stock owned by the optionee having a value at the time of exercise equal to the option price; (c) by surrender of any other award under the Equity Incentive Plan having a value at the time of exercise equal to the option price; or (d) a combination of such payment methods.

Any grant may provide for the automatic grant of additional Option Rights ("Reload Option Rights") to an optionee upon the exercise of Option Rights using shares of New Common Stock as payment. Any Reload Option Rights may cover up to the number of shares of New Common Stock, Deferred Shares, Option Rights or Performance Shares (or the number of shares of New Common Stock having a value equal to the value of any Performance Units) surrendered to New LINC upon exercise in payment of the option price or to meet any withholding obligations. The Reload Option Rights may have an option price that is no less than that which represents the same percentage of the current market value per share at the time of exercise of the Option Rights that the option price of the Option Rights represented of the market value per share at the time such Option Rights were granted.

The New LINC Board of Directors may, at or after the date of grant of any Option Rights (other than the grant of an ISO), provide for the payment of dividend equivalents to the optionee on a current, deferred or contingent basis or may provide that such equivalents be credited against the option price.

No Option Right may be exercisable more than ten years from the date of grant. Unless otherwise specified by the New LINC Board of Directors in an award of Option Rights, each Option Right becomes exercisable to the extent of one-third of the number of shares covered thereby on the first anniversary of the date of grant and to the extent of an additional one-third of the shares on each of the next two successive anniversaries of the date of grant. Option Rights become exercisable in full immediately in the event of a Change in Control.

If an optionee ceases to be an employee of New LINC, other than by reason of disability, death or retirement, the optionee will have until the first to occur of (a) the stated expiration date of the Option Right or (b) the 90th calendar day following the effective date of such termination of employment to exercise Option Rights that had vested and become exercisable as of such effective date of termination of employment. In the event of the optionee's death, disability or retirement, each of the then outstanding Option Rights of such optionee may be exercised at any time within three years after such death, disability or retirement, but in no event after the expiration date of the term of the Option Rights. Each grant of Option Right must be evidenced by an Evidence of Award containing the terms and provisions, consistent with the Equity Incentive Plan, as the New LINC Board of Directors may approve.

Appreciation Rights. Appreciation Rights provide optionees an alternative means of realizing the benefits of Option Rights. An Appreciation Right is a right, exercisable by surrender of the related Option Right, to receive from New LINC an amount equal to 100%, or such lesser percentage as the New LINC Board of Directors may determine, of the spread between the option price and the current value of the shares of New Common Stock underlying the option. Any grant may specify that the amount payable on exercise of an Appreciation Right may be paid by New LINC in cash, in shares of New Common Stock or in any combination thereof, and may either grant to the optionee or retain in the New LINC Board of Directors the right to elect among those alternatives.

Any grant may specify that such Appreciation Right may be exercised only in the event of a Change in Control or other similar transaction or event. Any grant of Appreciation Rights may specify Management Objectives that must be achieved as a condition to exercise such rights. Appreciation Rights must be evidenced by an Evidence of Award containing the terms and provisions, consistent with the Equity Incentive Plan, as the New LINC Board of Directors may approve.

Restricted Shares. A grant of Restricted Shares involves the immediate transfer by New LINC to a participant of ownership of a specific number of shares of New Common Stock in consideration of the performance of services. The participant is entitled immediately to voting, dividend and other ownership rights in such shares. The transfer may be made without additional consideration or in consideration of a payment by the participant that is less than current market value, as the New LINC Board of Directors may determine.

Restricted Shares must be subject to a "substantial risk of forfeiture" within the meaning of Section 83 of the Internal Revenue Code for at least three years. An example would be a provision that the Restricted Shares would be forfeited if the participant ceased to serve New LINC as an officer or key employee during a specified period of years. In order to enforce these forfeiture provisions, the transferability of Restricted Shares will be prohibited or restricted in a manner and to the extent prescribed by the New LINC Board of Directors for the period during which the forfeiture provisions are to continue. The New LINC Board of Directors may provide for a shorter

period during which the forfeiture provisions are to apply in the event of a Change in Control of New LINC or other similar transaction or event.

Any grant of Restricted Shares may specify Management Objectives which, if achieved, will result in termination or early termination of the restrictions applicable to such shares. Any such grant must also specify in respect of such specified Management Objectives, a minimum acceptable level of achievement and must set forth a formula for determining the number of Restricted Shares on which restrictions will terminate if performance is at or above the minimum level, but below full achievement of the specified Management Objectives. Restricted Shares must be evidenced by an Evidence of Award containing the terms and provisions, consistent with the Equity Incentive Plan, as the New LINC Board of Directors may approve.

Deferred Shares A grant of Deferred Shares constitutes an agreement by New LINC to deliver shares of New Common Stock to the participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions during the Deferral Period as the New LINC Board of Directors may specify. During the Deferral Period, the participant has no right to transfer any rights under his or her award and no right to vote such Deferred Shares, but the New LINC Board of Directors may, at or after the date of grant, authorize the payment of dividend equivalents on such Shares on either a current or deferred or contingent basis, either in cash or in additional shares of New Common Stock. Awards of Deferred Shares may be made without additional consideration or in consideration of a payment by such participant that is less than the market value per share at the date of award.

Deferred Shares must be subject to a Deferral Period of at least one year, as determined by the New LINC Board of Directors at the date of the award, except that the New LINC Board of Directors may provide for a shorter Deferral Period in the event of a Change in Control or other similar transaction or event. Deferred Shares must be evidenced by an Evidence of Awards containing the terms and provisions, consistent with the Equity Incentive Plan, as the New LINC Board of Directors may approve.

Performance Shares and Performance Units A Performance Share is the equivalent of one share of New Common Stock and a Performance Unit is the equivalent of \$1.00. A participant may be granted any number of Performance Shares or Performance Units, subject to the limitations set forth under Available Shares. The participant will be given one or more Management Objectives to meet within a specified period (the "Performance Period"). The specified Performance Period shall be a period of time not less than one year, except in the case of a Change in Control or other similar transaction or event, if the New LINC Board of Directors shall so determine. A minimum level of acceptable achievement will also be established by the New LINC Board of Directors. If by the end of the Performance Period, the participant has achieved the specified Management Objectives, the participant will be deemed to have fully earned the Performance Shares or Performance Units. If the participant has not achieved the Management Objectives, but has attained or exceeded the predetermined minimum level of acceptable achievement, the participant will be deemed to have partly earned the Performance Shares or Performance Units in accordance with a predetermined formula. To the extent earned, the Performance Shares or Performance Units will be paid to the participant at the time and in the manner determined by the New LINC Board of Directors in cash, shares of New Common Stock or any combination thereof. The grant may provide for the payment of dividend equivalents thereon in cash or in New Common Stock on a current, deferred or contingent basis. Performance Shares and Performance Units must be evidenced by an Evidence of Award containing the terms and provisions, consistent with the Equity Incentive Plan, as the New LINC Board of Directors may approve.

Management Objectives. The Equity Incentive Plan requires that the New LINC Board of Directors establish "Management Objectives" for purposes of Performance Shares and Performance Units. When so determined by the New LINC Board of Directors, Option Rights, Appreciation Rights, Restricted Shares and dividend credits may also specify Management Objectives. Management Objectives may be described in terms of either corporation-wide objectives or objectives that are related to the performance of the individual participant or subsidiary, division, department or function within New LINC or a subsidiary in which the participant is employed. Management Objectives applicable to any award to a participant who is, or is determined by the New LINC Board of Directors likely to become, a Covered Employee, shall be based on specified levels of or growth in (i) earnings; (ii) earnings per share; (iii) share price; (iv) total shareholder return; (v) return on invested capital, equity or assets; (vi) operating earnings; (vii) sales growth; and (viii) productivity improvement. Except in the case of such a Covered Employee, if the New LINC Board of Directors determines that a change in the business, operations, corporate structure or capital structure of New LINC, or the manner in which it conducts its business, or other events

or circumstances render the Management Objectives unsuitable, the New LINC Board of Directors may modify such Management Objectives, in whole or in part, as the New LINC Board of Directors deems appropriate and equitable.

Awards of Option Rights to Non-Employee Directors. The New LINC Board of Directors may, in its discretion, authorize the granting to Non-Employee Directors of Option Rights and may also authorize the grant or sale of Restricted Shares to Non-Employee Directors. Non-Employee Directors are not eligible to receive any other awards under the Equity Incentive Plan.

Each such Option Right will become exercisable to the extent of one-third of the number of shares covered thereby in each of the three successive years following the grant. However, in the event of a Change in Control of New LINC, the Option Rights would become immediately exercisable in full. Each such Option Right granted under the Equity Incentive Plan will expire ten years from the date of the grant, unless subject to earlier termination pursuant to the Equity Incentive Plan.

In the event of the termination of service on the New LINC Board of Directors by the holder of any such Option Rights, other than by reason of disability or death, the then outstanding Option Rights of such holder may be exercised only to the extent that they were exercisable on the date of such termination and will expire on the earlier of their stated expiration date or 90 days following the termination of the holder's service on the New LINC Board of Directors. In the event of death or disability, each of the then outstanding Option Rights of such holder may be exercised at any time within three years after such death or disability, but in no event after the expiration date of the Option Rights. However, any Option Rights may provide that a Director who has completed a specified period of service on the New LINC Board of Directors or attained a specified age will be entitled to exercise such Option Rights immediately in full at any time after termination until their stated expiration date.

If a Non-Employee Director subsequently becomes an employee of New LINC or a subsidiary while remaining a member of the New LINC Board of Directors, any Option Rights held at that time will not be affected.

Option Rights may be exercised by a Non-Employee Director only by payment in full of the Option Price. Such payment may be in cash, in shares of New Common Stock previously owned by the director for more than six months or a combination of both.

Each grant may provide for the automatic grant of Reload Option Rights to an Optionee upon the exercise of Option Rights (including Reload Option Rights) using shares of New Common Stock. Reload Option Rights will cover up to the number of New Common Stock surrendered to New LINC upon any such exercise in payment of the Option Price. Reload Options may have an Option Price that is no less than that which represents the same percentage of the market value per share at the time of exercise of the Option Rights that the per share Option Price represented of the market value per share at the time the Option Rights being exercised were granted and will be on such other terms as may be specified by the Directors, which may be the same or different from those of the original Option Rights.

Each grant or sale of Restricted Shares to Non-Employee Directors will be upon terms and conditions as described above.

Administration and Amendments. The Equity Incentive Plan is to be administered by the New LINC Board of Directors, except that the New LINC Board of Directors has the authority under the Equity Incentive Plan to delegate any or all of its powers under the Equity Incentive Plan to a committee (or subcommittee thereof) consisting of not less than three Non-Employee Directors within the meaning of Rule 16b-3 and who are "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code.

The New LINC Board of Directors is authorized to interpret the Equity Incentive Plan and related agreements and other documents. The New LINC Board of Directors may make awards to employees under any or a combination of all of the various categories of awards that are authorized under the Equity Incentive Plan, or in its discretion, make no awards.

The Equity Incentive Plan may be amended at any time and from time to time by the stockholders of New LINC. New LINC reserves authority to offer similar or dissimilar benefits in plans that do not require stockholder approval.

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The New LINC Board of Directors may provide for special terms for awards to participants who are foreign nationals or who are employed by New LINC or any of its subsidiaries outside of the United States of America as the New LINC Board of Directors may consider necessary or appropriate to accommodate differences in local law, tax policy or custom.

Transferability. Except as otherwise determined by the New LINC Board of Directors, no Option Right or Appreciation Right or other derivative security is transferable by an optionee except, upon death, by will or the laws of descent and distribution. If, however, the optionee is not a director or officer of New LINC, transfer may be made to a fully revocable trust of which the optionee is treated as the owner for federal income tax purposes. Except as otherwise determined by the New LINC Board of Directors, Option Rights and Appreciation Rights are exercisable during the optionee's lifetime only by him or her or by his or her guardian or legal representative.

The New LINC Board of Directors may specify at the Date of Grant that part or all of the shares of New Common Stock that are (i) to be issued or transferred by New LINC upon exercise of Option Rights or Appreciation Rights, upon termination of the Deferral Period applicable to Deferred Shares or upon payment under any grant of Performance Shares or Performance Units or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer under the Equity Incentive Plan, shall be subject to further restrictions on transfer.

Notwithstanding the above, the New LINC Board of Directors may provide for transferability of awards under the Equity Incentive Plan if such provision would not disqualify the exemption for other awards under Rule 16b-3 of the Exchange Act.

Adjustments. The maximum number of shares that may be issued and delivered under the Equity Incentive Plan, the number of shares covered by outstanding Option Rights and Appreciation Rights, and the prices per share applicable thereto, are subject to adjustment in the event of stock dividends, stock splits, combinations of shares, recapitalizations, mergers, consolidations, spin-offs, reorganizations, liquidations, issuances of rights or warrants, and similar events. In the event of any such transaction or event, the New LINC Board of Directors, in its discretion, may provide in substitution for any or all outstanding awards under the Equity Incentive Plan such alternative consideration as it, in good faith, may determine to be equitable in the circumstances and may require the surrender of all awards so replaced. The New LINC Board of Directors may also make or provide for such adjustments in the numbers of shares specified in the Equity Incentive Plan as the New LINC Board of Directors may determine appropriate to reflect any transaction or event described above.

Change in Control. A definition of "Change in Control" is included in the Equity Incentive Plan, which is filed as Exhibit V to the Plan.

Withholding Taxes. To the extent that New LINC is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a participant or other person under this Plan, and the amounts available to New LINC for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the participant or such other person make arrangements satisfactory to New LINC for payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the New LINC Board of Directors) may include relinquishment of a portion of such benefit.

Federal Income Tax Consequences The following is a brief summary of certain of the Federal income tax consequences of certain transactions under the Equity Incentive Plan based on Federal income tax laws in effect as of the date of this Disclosure Statement. This summary is not intended to be complete and does not describe state or local tax consequences.

In general, (i) no income will be recognized by an optionee at the time a non-qualified Option Right is granted; (ii) at the time of exercise of a non-qualified Option Right, ordinary income will be recognized by the optionee in an amount equal to the difference between the option price paid for the shares and the fair market value of the shares, if unrestricted, on the date of exercise; and (iii) at the time of sale of shares acquired pursuant to the exercise of a non-qualified Option Right, appreciation (or depreciation) in value of the shares after the date of exercise will be treated as either short-term or long-term capital gain (or loss) depending on how long the shares have been held.

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No income generally will be recognized by an optionee upon the grant or exercise of an ISO. If shares of New Common Stock are issued to the optionee pursuant to the exercise of an ISO, and if no disqualifying disposition of such shares is made by such optionee within two years after the date of grant or within one year after the transfer of such shares to the optionee, then upon sale of such shares, any amount realized in excess of the option price will be taxed to the optionee as a long-term capital gain and any loss sustained will be a long-term capital loss.

If shares of New Common Stock acquired upon the exercise of an ISO are disposed of prior to the expiration of either holding period described above, the optionee generally will recognize ordinary income in the year of disposition in an amount equal to the excess (if any) of the fair market value of such shares at the time of exercise (or, if less, the amount realized on the disposition of such shares if a sale or exchange) over the option price paid for such shares. Any further gain (or loss) realized by the participant generally will be taxed as short-term or long-term capital gain (or loss) depending on the holding period.

No income will be recognized by a participant in connection with the grant of a tandem Appreciation Right or a free-standing Appreciation Right. When the Appreciation Right is exercised, the participant normally will be required to include as taxable ordinary income in the year of exercise an amount equal to the amount of cash received and the fair market value of any unrestricted shares of New Common Stock received on the exercise.

The recipient of Restricted Shares generally will be subject to tax at ordinary income rates on the fair market value of the Restricted Shares (reduced by any amount paid by the participant for such Restricted Shares) at such time as the shares are no longer subject to forfeiture or restrictions on transfer for purposes of Section 83 of the Internal Revenue Code ("Restrictions"). However, a recipient who so elects under Section 83(b) of the Internal Revenue Code within 30 days of the date of transfer of the shares will have taxable ordinary income on the date of transfer of the shares equal to the excess of the fair market value of such shares (determined without regard to the Restrictions) over the purchase price, if any, of such Restricted Shares. If a Section 83(b) election has not been made, any dividends received with respect to Restricted Shares that are subject to the Restrictions generally will be treated as compensation that is taxable as ordinary income to the participant.

No income generally will be recognized upon the award of Deferred Shares. The recipient of a Deferred Share award generally will be subject to tax at ordinary income rates on the fair market value of unrestricted Common Shares on the date that such shares are transferred to the participant under the award (reduced by any amount paid by the participant for such Deferred Shares), and the capital gains/loss holding period for such shares will also commence on such date.

No income generally will be recognized upon the grant of Performance Shares or Performance Units. Upon payment in respect of the earn-out of Performance Shares or Performance Units, the recipient generally will be required to include as taxable ordinary income in the year of receipt an amount equal to the amount of cash received and the fair market value of any nonrestricted shares of New Common Stock received.

In limited circumstances where the sale of stock received as a result of a grant or award could subject an officer or director to suit under Section 16(b) of the Exchange Act, the tax consequences to the officer or director may differ from the tax consequence described above. In these circumstances, unless a special election under Section 83(b) of the Internal Revenue Code has been made, the principal difference (in cases where the officer or director would otherwise be currently taxed upon his receipt of the stock) usually will be to postpone valuation and taxation of the stock received so long as the sale of the stock received could subject the officer or director to suit under Section 16(b) of the Exchange Act of 1934, but no longer than six months.

To the extent that a participant recognizes ordinary income in the circumstances described above, New LINC or the subsidiary for which the participant performs services will be entitled to a corresponding deduction provided that, among other things, the income meets the test of reasonableness, is an ordinary and necessary business expense, is not an "excess parachute payment" within the meaning of Section 280G of the Internal Revenue Code and is not disallowed by the \$1 million limitation on certain executive compensation under Section 162(m) of the Internal Revenue Code.